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CURRENT SUPPORT MEMORANDUM

SOVIET HOUSING GOAL FOR 1959-65 OUTLINED

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CENTRAL INTELLIGENCE AGENCY

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The 1959-65 housing goal in the USSR was outlined by Deputy Premier and Chairman of the State Committee on Construction V.A. Kucherenko to a construction trade union congress in a speech which was published in the 16 May issue of Construction Gazette. According to his speech 424 million square meters (total space, not living space, measurement) of state housing, or ten million apartments, will be built in 1959-65 and five million houses will be built by private individuals. The state will allocate 323 billion rubles in capital investment, while housing costs are expected to decrease from 1,486 rubles per square meter of living space in 1957 to 1.173 rubles in 1965.

Kucherenko's figures show a very high rate of growth in housing construction but he ignores the significant aspect that the rate of housing construction will have virtually leveled off in the years 1960-65. Kucherenko compares the goal of 424 million square meters for 1959-65 with the actual and planned volume of 201 million during 1952-58, an increase of over 100 percent. Such an increase is as impressive as the planned increase of almost 100 percent in 1956-60 over the volume of state housing in 1951-55. However, when the 1961-65 period is compared with the preceding five years, it is seen that the planned increase drops to 46 percent. Put another way, the rate of state housing construction in 1961-65 would be only slightly higher than in 1960. During those five years the average yearly volume would be about 63 million square meters, as compared with 60 million planned in 1960. 1/

There is some indication that the goal announced by Kucherenko is lower than an earlier goal set by the Soviets. In early 1956 mention was made of a goal for 1961-65 of 400 million square meters, 2/ which may be compared with 313 million in the same period according to the goal announced by Kucherenko. This suspicion that goals have been lowered is bolstered by the fact that Khrushchev in his recent speech at the May 1958 plenum restated the 10-12 year housing program in terms that were much less forceful than before. 3/

Despite a decline in the rate of increase in housing construction, the increase in the five-year period 1961-65 in per capita housing availability will be about 20 percent, the same increase planned for the 1956-60 period. By the end of 1965 the Soviets would attain an estimated average of 7-7.5 square meters of living space per person, still well below their minimum standard of nine square meters.

A lack of realism appears once again to prevail in the establishment of the Soviet housing goal. The investment require of 323 billion rubles was almost certainly calculated on the basis of 1,173 rubles per square meter, the expected average cost of housing in 1965.* That 1965 cost is over 20 percent lower than the cost in 1957. Even if the Soviets succeed in lowering housing costs to this extent, the average costs over the entire period 1959-65 will be so much higher than 1,173 rubles per square meter that investment allocations would have to exceed 323 billion rubles by a significant amount.

* At 1,173 rubles, 323 billion rubles would provide 275.4 million square meters of living space. This is almost exactly 65 percent of the 424 outlined million square meters of total space. This percentage is a usual Soviet factor for relating living space to total space.

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Private housing construction in 1959-65 is to comprise a third, or possibly even a higher share, of total housing space. Thus, private housing's share is to be at about the very high level of 34 percent set in the special housing plan for 1956-60. Private housing in 1951-55 comprised only 26 percent of a much lower total. 4/

16 June 1958

CURRENT SUPPORT MEMORANDUM 587

Page 3

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16 June 1958

CURRENT SUPPORT MEMORANDUM 587

Page 4

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